

PENNS WOODS BANCORP INC
Form S-4
February 01, 2013
Table of Contents

As Filed with the Securities and Exchange Commission on February 1, 2013

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PENNS WOODS BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

incorporation or organization)

(Primary Standard Industrial Classification Code Number)
300 Market Street

(IRS Employer Identification No.)

Williamsport, PA 17703-0967

(570) 320-2021

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Richard A. Grafmyre

President and Chief Executive Officer

Penns Woods Bancorp, Inc.

300 Market Street

Williamsport, PA 17703-0967

(570) 322-1111

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

David W. Swartz, Esq.
Stevens & Lee, P.C.
111 N. Sixth Street
Reading, PA 19603
(610) 478-2000

Justin P. Klein, Esq.
Ballard Spahr LLP
1735 Market Street
Philadelphia, PA 19103
(215) 665-8500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer x
Smaller reporting company

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

If applicable, place an X in the box to designate the appropriate rule provision relied upon on conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ..

Exchange Act Rule 14d-1(d) (Cross Border Third-Party Tender Offer) ..

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price (2)	Amount of registration fee (2)
Common Stock, par value \$8.33 per share	1,051,177	N/A	\$ 44,359,669	\$ 6,050.66

- (1) Based on the number of maximum number of shares of common stock of Penns Woods Bancorp, Inc. that may be issued in connection with the proposed merger of Luzerne National Bank Corp. with and into Penns Woods calculated by multiplying (i) 676,694 shares of Luzerne National Bank Corp. common stock issued and outstanding, which is the maximum number of shares that may be exchanged for the shares being registered by this registration statement, by (ii) the exchange ratio under the merger agreement of 1.5534 shares of Penns Woods common stock per share of Luzerne common stock.
- (2) Computed in accordance with Rule 457(f)(2), based on (i) the book value of Luzerne computed as of September 30, 2012 of \$42.20 and (ii) 676,694 shares of Luzerne common stock outstanding to be exchanged in the merger for common stock of the registrant. Solely for purposes of calculating the registration fee, the proposed maximum aggregate offering price is equal to the aggregate value of the maximum number of shares of Luzerne common stock that may be exchanged in connection with the merger. Calculated pursuant to Section 6(b) of the Securities Act at a rate equal to \$136.40 per \$1,000,000 of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 1, 2013

[LOGO PWOD]

Proxy Statement/Prospectus

Penns Woods Bancorp, Inc.

[LOGO LUZERNE]

Proxy Statement

Luzerne National Bank Corporation

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

On October 18, 2012, Penns Woods Bancorp, Inc., or Penns Woods, and Luzerne National Bank Corporation, or Luzerne, entered into a merger agreement that provides for the combination of the two companies. Under the merger agreement, Luzerne will merge with and into Penns Woods, with Penns Woods remaining as the surviving entity, and the separate corporate existence of Luzerne will cease. Before we complete the merger, the shareholders of Penns Woods and Luzerne must adopt the merger agreement. Penns Woods shareholders will vote to adopt the merger agreement and on the other matters described below at a special meeting of shareholders to be held on [], 2013. Luzerne shareholders will vote to adopt the merger agreement and on the other matters described below at a special meeting of shareholders to be held on [], 2013.

If the merger is completed, Luzerne shareholders will be entitled to elect to receive, for each share of Luzerne common stock, subject to the election and adjustment procedures described in this joint proxy statement/prospectus, 1.5534 shares of Penns Woods common stock, \$61.86 in cash or a combination of both. The federal income tax consequences of the merger to Luzerne shareholders will depend on whether cash, including cash for fractional Penns Woods shares, Penns Woods common stock, or a combination of cash and Penns Woods common stock is received in exchange for shares of Luzerne common stock.

Pursuant to the terms of the merger agreement, at least 90% of the total number of shares of Luzerne common stock to be converted in the merger will be converted into Penns Woods common stock, and the remaining outstanding shares of Luzerne common stock (excluding the shares of Luzerne common stock to be cancelled) will be converted into cash consideration. As a result, if more Luzerne shareholders make valid elections to receive either Penns Woods common stock or cash than is available as merger consideration under the merger agreement, those Luzerne shareholders electing the over-subscribed form of consideration may have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

The Penns Woods board of directors has determined that the combination of Penns Woods and Luzerne is advisable and in the best interests of Penns Woods based upon its analysis, investigation and deliberation, and the Penns Woods board of directors unanimously recommends that the Penns Woods shareholders vote FOR the adoption of the merger agreement and FOR the approval of the other proposals described in this joint proxy statement/prospectus.

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

The Luzerne board of directors has determined that the combination of Luzerne and Penns Woods is advisable and in the best interests of Luzerne based upon its analysis, investigation and deliberation, and the Luzerne board of directors unanimously recommends that the Luzerne shareholders vote FOR the adoption of the merger agreement and FOR the approval of the other proposals described in this joint proxy statement/prospectus.

Penns Woods common stock is listed on The Nasdaq Global Select Market under the symbol PWOD. Luzerne's common stock is traded on the OTCQB market under the symbol LUZR.

You should read this entire joint proxy statement/prospectus, including the annexes hereto and the documents incorporated by reference herein, carefully because it contains important information about the merger and the related transactions. **In particular, you should read carefully the information under the section entitled Risk Factors beginning on page 31.** You can also obtain information about Penns Woods from documents that it has filed with the Securities and Exchange Commission.

The shares of Penns Woods common stock to be issued to Luzerne shareholders in the merger are not deposits or savings accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this joint proxy statement/prospectus or the Penns Woods common stock to be issued in the merger, or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The date of this joint proxy statement/prospectus is [], 2013, and it is first being mailed or otherwise delivered to shareholders on or about [], 2013.

Table of Contents

PENNS WOODS BANCORP, INC.

300 MARKET STREET

WILLIAMSPORT, PENNSYLVANIA 17703-0967

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], [], 2013

TO THE SHAREHOLDERS OF PENNS WOODS BANCORP, INC.:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Penns Woods Bancorp, Inc., or Penns Woods, will be held at [], local time, on [], 2013, at [], to consider and vote upon the following proposals:

1. adoption of the Agreement and Plan of Merger, dated October 18, 2012, by and between Penns Woods and Luzerne National Bank Corporation, or Luzerne, which provides for, among other things, the merger of Luzerne with and into Penns Woods;
2. approval of a proposal to authorize the board of directors to adjourn the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the proposal to approve the merger agreement; and
3. transaction of any such other business as may properly be presented at the meeting or any adjournment or postponement of the meeting.

All of these items, including the proposal to approve the merger agreement and the merger, are described in more detail in the accompanying joint proxy statement/prospectus and its appendices. You should read these documents in their entirety before voting. We have fixed [], 2013 as the record date for determining those Penns Woods shareholders entitled to vote at the special meeting. Accordingly, only shareholders of record at the close of business on that date are entitled to notice of and to vote at the special meeting or any adjournment or postponement of the meeting. A list of such shareholders will be available for inspection at the special meeting and for ten days prior to the meeting at Penns Woods headquarters located at 300 Market Street, Williamsport, Pennsylvania 17703-0967, during normal business hours.

Your board of directors has unanimously determined that the proposed merger is advisable and in the best interests of Penns Woods and unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement. Your board of directors also recommends that you vote **FOR** proposal 2 listed above. In accordance with the terms of the merger agreement, each director and executive officer of Penns Woods has executed a letter agreement in favor of Luzerne pursuant to which he or she has agreed to vote all shares of Penns Woods common stock owned by him or her in favor of adoption of the merger agreement and the transactions contemplated by the merger agreement.

We urge you to vote as soon as possible so that your shares will be represented.

BY ORDER OF THE BOARD OF DIRECTORS,

Brian L. Knepp

Corporate Secretary
Williamsport, Pennsylvania

[], 2013

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign, date and return your proxy card or voting instruction card in the enclosed envelope promptly. For many shareholders, you may vote your shares by following the instructions included with your proxy card or voting instruction card. If you later decide to attend the meeting, you can, if you wish, revoke the proxy and vote in person.

Table of Contents

LUZERNE NATIONAL BANK CORPORATION

118 MAIN STREET

LUZERNE, PENNSYLVANIA 18709

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], [], 2013

TO THE SHAREHOLDERS OF LUZERNE NATIONAL BANK CORPORATION:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Luzerne National Bank Corporation, or Luzerne, will be held at [], local time, on [], 2013, at [], to consider and vote upon the following proposals:

1. adoption of the Agreement and Plan of Merger, dated October 18, 2012, by and between Penns Woods Bancorp, Inc., or Penns Woods, and Luzerne, which provides for, among other things, the merger of Luzerne with and into Penns Woods;
2. approval of a proposal to authorize the board of directors to adjourn the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the proposal to approve the merger agreement;
3. approval of a non-binding advisory resolution approving the compensation payable to the named executive officers of Luzerne in connection with the merger; and
4. transaction of any such other business as may properly be presented at the meeting or any adjournment or postponement of the meeting.

All of these items, including the proposal to approve the merger agreement and the merger, are described in more detail in the accompanying joint proxy statement/prospectus and its appendices. You should read these documents in their entirety before voting. We have fixed [], 2013 as the record date for determining those Luzerne shareholders entitled to vote at the special meeting. Accordingly, only shareholders of record at the close of business on that date are entitled to notice of and to vote at the special meeting or any adjournment or postponement of the meeting. A list of such shareholders will be available for inspection at the special meeting and for ten days prior to the meeting at Luzerne's headquarters located at 118 Main Street, Luzerne, PA 18709, during normal business hours.

Your board of directors has unanimously determined that the proposed merger is advisable and in the best interests of Luzerne and unanimously recommends that you vote FOR the proposal to adopt the merger agreement. Your board of directors also recommends that you vote FOR proposal 2 and proposal 3 listed above. In accordance with the terms of the merger agreement, each director, the Chairman, Vice Chairman and President of Luzerne has executed a letter agreement in favor of Penns Woods pursuant to which he or she has agreed to vote all shares of Luzerne common stock owned by him or her in favor of adoption of the merger agreement and the transactions contemplated thereby.

We urge you to vote as soon as possible so that your shares will be represented.

BY ORDER OF THE BOARD OF DIRECTORS,

Thomas Guido

Corporate Secretary
Luzerne, Pennsylvania

[], 2013

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign, date and return your proxy card or voting instruction card in the enclosed envelope promptly. For many shareholders, you may vote your shares by following the instructions included with your proxy card or voting instruction card. If you later decide to attend the meeting, you can, if you wish, revoke the proxy and vote in person.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

Penns Woods files annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the "SEC"). You may read and copy any materials that Penns Woods files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, Penns Woods files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You will also be able to obtain these documents, free of charge, from Penns Woods at www.jssb.com under the "Investor Relations" link and then under the heading "SEC Filings".

Penns Woods has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that Penns Woods has previously filed with the SEC. They contain important information about the company and its financial condition. See *Incorporation of Certain Documents by Reference* on page 178. These documents are available without charge to you upon written or oral request to Penns Woods' principal executive offices. The address and telephone number is listed below.

Penns Woods Bancorp, Inc. 300 Market Street Williamsport, Pennsylvania 17703-0967 Attention: Kimberly R. Yale (570) 322-1111

To obtain timely delivery of these documents, you must request the information no later than [], 2013 in order to receive them before Penns Woods' special meeting of shareholders and no later than [], 2013 in order to receive them before Luzerne's special meeting of shareholders.

Penns Woods common stock is traded on The Nasdaq Global Select Market under the symbol "PWOD", and Luzerne common stock is traded on the OTCQB under the symbol "LUZR".

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u>	1
<u>Questions about the Merger</u>	1
<u>Questions about the Penns Woods Special Meeting</u>	3
<u>Questions about the Luzerne Special Meeting</u>	7
<u>SUMMARY</u>	12
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF PENNS WOODS</u>	23
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LUZERNE</u>	24
<u>UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION</u>	25
<u>COMPARATIVE PER SHARE DATA (UNAUDITED)</u>	29
<u>RISK FACTORS</u>	31
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	37
<u>THE MERGER</u>	39
<u>Background of the Merger</u>	39
<u>Luzerne s Reasons for the Merger</u>	43
<u>Recommendation of Luzerne s Board of Directors</u>	44
<u>Opinion of Janney Montgomery Scott, LLC, Financial Advisor to Luzerne</u>	44
<u>Penns Woods s Reasons for the Merger</u>	51
<u>Recommendation of Penns Woods s Board of Directors</u>	52
<u>Opinion of Monocacy Financial Advisors, LLC, Financial Advisor to Penns Woods</u>	52
<u>Board of Directors and Management of Penns Woods Following Completion of the Merger</u>	72
<u>Luzerne Shareholders Have Dissenters Rights in the Merger</u>	72
<u>Regulatory Approvals Required for the Merger</u>	74
<u>Luzerne s Directors and Executive Officers Have Financial Interests in the Merger</u>	75
<u>THE MERGER AGREEMENT</u>	78
<u>Terms of the Merger</u>	78
<u>Closing and Effective Time of the Merger</u>	79
<u>Consideration to Be Received in the Merger</u>	79
<u>Representations and Warranties</u>	83
<u>Covenants and Agreements</u>	84
<u>Luzerne Bank Post-Closing Operation</u>	88
<u>Reasonable Best Efforts to Obtain the Required Shareholder Vote</u>	88
<u>Agreement Not to Solicit Other Offers</u>	88
<u>Expenses and Fees</u>	90
<u>Indemnification and Insurance</u>	90
<u>Conditions to Complete the Merger</u>	91
<u>Termination of the Merger Agreement</u>	92
<u>Termination Fee</u>	93
<u>Amendment, Waiver and Extension of the Merger Agreement</u>	93
<u>ACCOUNTING TREATMENT</u>	94
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	94
<u>THE PENNS WOODS SPECIAL MEETING</u>	98
<u>PENNS WOODS SPECIAL MEETING PROPOSAL NO. 1 ADOPTION OF THE MERGER AGREEMENT</u>	100
<u>PENNS WOODS SPECIAL MEETING PROPOSAL NO. 2 AUTHORIZATION TO VOTE ON ADJOURNMENT OR OTHER</u>	100
<u>MATTERS</u>	101
<u>INFORMATION ABOUT PENNS WOODS BANCORP, INC.</u>	101
<u>Business</u>	101
<u>Certain Information Regarding Compensation of Executive Officers and Directors for 2012</u>	103
<u>Additional Information</u>	110
<u>THE LUZERNE SPECIAL MEETING</u>	110

Table of Contents

<u>LUZERNE SPECIAL MEETING PROPOSAL NO. 1 ADOPTION OF THE MERGER AGREEMENT</u>	112	
<u>LUZERNE SPECIAL MEETING PROPOSAL NO. 2 AUTHORIZATION TO VOTE ON ADJOURNMENT OR OTHER MATTERS</u>	113	
<u>LUZERNE SPECIAL MEETING PROPOSAL NO. 3 ADOPTION OF A NON-BINDING ADVISORY RESOLUTION APPROVING THE COMPENSATION PAYABLE TO THE NAMED EXECUTIVE OFFICERS OF LUZERNE IN CONNECTION WITH THE MERGER</u>	113	
<u>INFORMATION ABOUT LUZERNE NATIONAL BANK CORPORATION</u>	114	
<u>Business</u>	114	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	114	
<u>Luzerne's Financial Statements</u>	128	
<u>Board of Directors and Executive Officers of Luzerne</u>	169	
<u>Voting Securities and Principal Holders Thereof</u>	170	
<u>Beneficial Ownership by Directors and Executive Officers of the Bank</u>	170	
<u>COMPARISON OF SHAREHOLDERS' RIGHTS</u>	171	
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	177	
<u>LEGAL MATTERS</u>	178	
<u>EXPERTS</u>	178	
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	178	
<u>Annex A</u>	Agreement and Plan of Merger	A-1
<u>Annex B</u>	Opinion of Janney Montgomery Scott LLC	B-1
<u>Annex C</u>	Opinion of Monocacy Financial Advisors	C-1
<u>Annex D</u>	Pennsylvania Statutory Provisions Relating to Dissenter's Rights	D-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following questions and answers briefly address some commonly asked questions about the merger (as defined below) and the shareholders meetings. They may not include all the information that is important to the shareholders of Penns Woods and of Luzerne. Shareholders of Penns Woods and of Luzerne should each read carefully this entire joint proxy statement/prospectus, including the annexes and other documents referred to in this document.

Questions about the Merger

Q: What is the merger?

A: Penns Woods and Luzerne have entered into an Agreement and Plan of Merger, dated October 18, 2012, which is referred to as the merger agreement. A copy of the merger agreement is attached as Annex A to, and is incorporated by reference in, this joint proxy statement/prospectus. The merger agreement contains the terms and conditions of the proposed business combination of Penns Woods and Luzerne. Under the merger agreement, Luzerne will merge with and into Penns Woods, with Penns Woods remaining as the surviving entity, and the separate corporate existence of Luzerne will cease. We refer to this transaction as the merger.

Following the completion of the merger, the merger agreement provides that Penns Woods will continue to operate Luzerne Bank as a separate banking subsidiary of Penns Woods under the name Luzerne Bank, consistent with Penn Woods overall business strategies and operating policies as such strategies and policies may develop from time to time. Penns Woods will have the right to terminate its obligation to operate Luzerne Bank as a separate operating subsidiary of Penns Woods if Luzerne Bank fails to satisfy certain performance metrics for any two consecutive years beginning after January 1, 2015 or as a result of applicable regulatory requirements, safe and sound banking practices as communicated by a banking regulator, or the exercise by Penns Woods directors of their fiduciary duties. For further discussion on the operation of Luzerne Bank as a separate operating subsidiary of Penns Woods following completion of the merger, see *The Merger Agreement Luzerne Bank Post-Closing Operation*.

Q: Why am I receiving these materials?

A: This document constitutes both a joint proxy statement of Penns Woods and Luzerne and a prospectus of Penns Woods. It is a joint proxy statement because the boards of directors of both companies are soliciting proxies from their respective holders of common stock. It is a prospectus because Penns Woods will issue shares of its common stock in exchange for shares of Luzerne common stock in the merger.

Penns Woods is sending these materials to its shareholders to help them decide how to vote their shares of Penns Woods common stock with respect to the proposed merger and the other matters to be considered at the Penns Woods special meeting.

Luzerne is sending these materials to its shareholders to help them decide how to vote their shares of Luzerne common stock with respect to the proposed merger and the other matters to be considered at the Luzerne special meeting.

The merger cannot be completed unless shareholders of Penns Woods and Luzerne each adopt the merger agreement and approve the merger. Penns Woods is holding its special meeting of shareholders to vote on the merger as well as the other proposals described in *The Penns Woods Special Meeting* beginning on page 98. Luzerne is holding its special meeting of shareholders to vote on the merger as well as the other proposals described in *The Luzerne Special Meeting*, beginning on page 110. Information about these meetings, the merger and the other business to be considered at the meetings is contained in this joint proxy statement/prospectus.

Table of Contents

Q: Why is Penns Woods proposing the merger?

A: The Penns Woods board of directors, in unanimously determining that the merger is in the best interests of Penns Woods and its shareholders, considered a number of key factors which are described under the headings *The Merger Background of the Merger* and *The Merger Penns Woods Reasons for the Merger*, beginning on pages 39 and 51, respectively.

Q: Why is Luzerne proposing the merger?

A: The Luzerne board of directors, in unanimously determining that the merger is in the best interests of Luzerne and its shareholders, considered a number of key factors which are described under the headings *The Merger Background of the Merger* and *The Merger Luzerne s Reasons for the Merger*, beginning on pages 39 and 43, respectively.

Q: What will Luzerne shareholders receive in the merger, and how will this affect holders of Penns Woods common stock?

A: Upon completion of the merger, Luzerne shareholders will have the right to receive, at their election (but subject to customary procedures applicable to oversubscription and under subscription for cash consideration), 1.5534 shares of common stock of Penns Woods, \$61.86 in cash, or a combination of cash and Penns Woods common stock for their shares of common stock of Luzerne. At the closing of the merger, no more than 10% of the outstanding shares of Luzerne common stock will be converted into the right to receive cash and the remainder of the outstanding shares of Luzerne common stock will be converted into the right to receive Penns Woods common stock.

Penns Woods shareholders will continue to own their existing shares of Penns Woods common stock after the merger. Because of the number of shares of Penns Woods common stock being issued in the merger, the ownership interest in Penns Woods represented by the existing shares of Penns Woods common stock will be diluted. Following completion of the merger, the existing shares of Penns Woods will represent in the aggregate ownership of approximately 80% of the outstanding shares of Penns Woods common stock, assuming 90% of the outstanding shares of Luzerne common stock are exchanged for Penns Woods common stock.

Q: When must I elect the type of merger consideration that I prefer to receive?

A: If you wish to elect the type of merger consideration you receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being separately mailed to Luzerne shareholders following the mailing of this joint proxy statement/prospectus. You will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent, Registrar and Transfer Company, at the address given in the materials. The election deadline will be [], 2013, which is the business day prior to the special meeting. Because of the way the election and proration procedures work, even if you submit a properly completed and signed form of election, it is still possible that you may not receive exactly the type of consideration you have elected. If you do not submit a properly completed and signed form of election to the exchange agent by the Election Deadline, you will have no control over the type of merger consideration you may receive, and consequently, may receive only cash, only Penns Woods common stock or a combination of cash and Penns Woods common stock in the merger. Because of the way the election and proration procedures work, even if you submit a properly completed and signed form of election, it is still possible that you may not receive exactly the type of consideration you have elected. If you hold shares in street name, you will have to follow your broker s instructions to make an election.

Q: Am I guaranteed to receive the type of merger consideration that I elect?

A: No. If Luzerne shareholders elect to convert more than 10% of the total outstanding shares of Luzerne common stock into cash or elect to convert more than 90% of the total outstanding shares of Luzerne

Table of Contents

common stock into shares of Penns Woods stock, then the exchange agent will follow the proration procedures outlined under the heading *The Merger Agreement Consideration to be Received in the Merger Proration Procedures* to ensure that at least 90% of the aggregate merger consideration is paid in shares of Penns Woods common stock and the balance is paid in cash.

Q: Who will be the directors and executive officers of the combined company following the merger?

A: Following completion of the merger, Penns Woods will appoint three individuals designated by the Luzerne board of directors, who are not employees of Luzerne or any of its subsidiaries and who are agreed to by Penns Woods, to serve on the Penns Woods board of directors. Luzerne has designated Joseph E. Kluger, Jill F. Schwartz and John G. Nackley to be appointed to the Penns Woods board. One such individual will be appointed to serve in each of Class 1, Class 2 and Class 3 of the Penns Woods board of directors. Penns Woods has agreed to nominate and recommend for election each such designated person for one additional three-year term following their initial appointment.

In addition, the merger agreement provides that promptly following the effective time of the merger, Penns Woods will take such action as may be necessary to cause the board of directors of Luzerne Bank to consist of the chief executive officer of Penns Woods, the chief executive officer of Luzerne Bank and all other individuals serving as directors of Luzerne Bank immediately prior to the effective time. For a period of three years following the effective time of the merger, future appointments to the Luzerne Bank board of directors will be mutually agreed by the boards of directors of Penns Woods and Luzerne Bank, subject to the right of Penns Woods to remove or replace any Luzerne Bank director if such director breaches or fails to perform the duties of such director's office in the sole discretion of Penns Woods.

Q: When do you expect to complete the merger?

A: We expect to complete the merger after all conditions to the merger in the merger agreement are satisfied or waived, including receipt of shareholder approvals at the respective special meetings of Penns Woods and Luzerne, and receipt of regulatory approvals. We currently expect to complete the merger in the second quarter of 2013. It is possible, however, that factors outside of either company's control could result in us completing the merger at a later time or not completing it at all.

Q: What are the federal income tax consequences of the merger?

A: The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Internal Revenue Code, and it is a condition to the completion of the merger that each of Penns Woods and Luzerne receive a written opinion from their respective legal counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that holders of Luzerne common stock will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their Luzerne common stock for Penns Woods common stock pursuant to the merger, except with respect to cash received in exchange for their Luzerne common stock or in lieu of fractional shares of Penns Woods common stock and except for Luzerne shareholders who exercise their appraisal rights with respect to the merger. For further discussion of the material U.S. federal income tax consequences of the merger, see *Material United States Federal Income Tax Consequences of the Merger*, beginning on page 94.

Questions about the Penns Woods Special Meeting

Q: What are the matters on which I am being asked to vote at the Penns Woods special meeting?

A: You are being asked to consider and vote on the following matters:

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

1. adoption of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus; and
2. adjournment of the Penns Woods special meeting, if necessary, to solicit additional proxies.

Table of Contents

Q: How does the Penns Woods board of directors recommend that I vote my shares?

A: The Penns Woods board of directors recommends that the Penns Woods shareholders vote their shares as follows:

FOR adoption of the merger agreement; and

FOR an adjournment of the Penns Woods special meeting, if necessary, to solicit additional proxies.

As of the record date, directors and executive officers of Penns Woods and their affiliates had the right to vote [] shares of Penns Woods common stock, or []% of the outstanding Penns Woods common stock entitled to be voted at the special meeting. In accordance with the terms of the merger agreement, each of the directors and executive officers of Penns Woods has executed a letter agreement (the Affiliate Letter) in favor of Luzerne pursuant to which he or she has agreed to vote all shares of Penns Woods common stock owned by him or her in favor of adoption of the merger agreement. Additionally, each of the directors and the Chairman, Vice Chairman and President of Luzerne has executed an Affiliate Letter in favor of Penns Woods pursuant to which he or she has agreed to vote all shares of Luzerne common stock owned by him or her in favor of adoption of the merger agreement and the transactions contemplated thereby.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please submit your proxy as soon as possible so that your shares will be represented at the Penns Woods special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q: Who is entitled to vote at the Penns Woods special meeting?

A: Penns Woods shareholders of record as of the close of business on [], 2013, which is referred to as the Penns Woods record date.

Q: How many votes do I have?

A: Each outstanding share of Penns Woods common stock is entitled to one vote.

Q: How do I vote my Penns Woods shares?

A: You may vote your Penns Woods shares by completing and returning the enclosed proxy card, by internet or by voting in person at the Penns Woods special meeting.

Voting by Proxy. You may vote your Penns Woods shares by completing and returning the enclosed proxy card. Your proxy will be voted in accordance with your instructions. If you do not specify a choice on one of the proposals described in this joint proxy statement/prospectus, your proxy will be voted in favor of that proposal.

ON YOUR PENNS WOODS PROXY CARD:

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

mark your selections;

date and sign your name exactly as it appears on your card; and

return your completed proxy card in the enclosed postage-paid envelope.

Voting by Internet. If you are a registered shareholder, you may vote electronically through the Internet by following the instructions included in your proxy card. If your shares are registered in the name of a broker or other nominee, your nominee may be participating in a program provided through ADP Investor

Table of Contents

Communication Services that allows you to vote via the Internet. If so, the voting form your nominee sends you will provide voting instructions.

Voting in person. If you attend the Penns Woods special meeting, you may deliver your completed proxy card in person or may vote by completing a ballot which will be available at the meeting. If your shares are registered in the name of a broker or other nominee and you wish to vote at the meeting you will need to obtain a legal proxy from your bank or brokerage firm. Please consult the voting form sent to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the special meeting.

Should you have any questions on the procedure for voting your shares, please contact Kimberly R. Yale, Penns Woods Bancorp, Inc., 300 Market Street, Williamsport, Pennsylvania 17701, telephone (570) 320-2021.

Q: Why is my vote important?

A: Because the merger cannot be completed without the affirmative vote of the holders of 66-2/3% of the outstanding shares of Penns Woods common stock on the record date, every shareholder's vote is important.

Q: If my shares of Penns Woods common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker **CANNOT** vote your shares on any proposal at the Penns Woods special meeting without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal or any other proposal (a so-called broker non-vote) at the Penns Woods special meeting. For purposes of determining the number of votes cast with respect to the merger proposal, only those votes cast for or against the proposal are counted. Broker non-votes, if any are submitted by brokers or nominees in connection with the special meeting, will not be counted as votes for or against for purposes of determining the number of votes cast, but will be treated as present for quorum purposes.

Q: What constitutes a quorum for the Penns Woods special meeting?

A: As of the Penns Woods record date, [] shares of Penns Woods common stock were issued and outstanding, each of which will be entitled to one vote at the meeting. Under Penns Woods bylaws, the presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast constitutes a quorum for the transaction of business at the special meeting. If you vote by proxy, your shares will be included for determining the presence of a quorum. Both abstentions and broker non-votes are also included for purposes of determining the presence of a quorum.

Q: Assuming the presence of a quorum, what is the vote required to approve the matters to be considered at the Penns Woods special meeting?

A:

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

The affirmative vote at the Penns Woods special meeting, in person or by proxy, of the holders of 66-2/3% of the outstanding shares of Penns Woods common stock is required to approve the merger agreement. The affirmative vote, in person or by proxy, of a majority of all votes cast at the Penns Woods special meeting is required to approve the proposal to adjourn the Penns Woods special meeting, if necessary, to solicit additional proxies and any other matter that may properly come before the special meeting. Because the affirmative vote of the holders of 66-2/3% of outstanding shares of Penns Woods common stock is required to approve the merger agreement, abstentions and broker non-votes with respect to the merger agreement will effectively act as no votes on such proposal. Abstentions and broker non-votes will not affect the outcome of the adjournment proposal or any other matters that properly come before the special meeting.

Table of Contents

Q: Do I have appraisal or dissenters rights?

A: No. Under Pennsylvania law, holders of Penns Woods common stock will not be entitled to exercise any appraisal rights in connection with the merger or any of the other proposals being presented at the Penns Woods special meeting.

Q: Can I attend the Penns Woods special meeting and vote my shares in person?

A: Yes. All shareholders, including shareholders of record and those who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of Penns Woods common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q: Can I change my vote?

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to the Penns Woods Corporate Secretary, or (3) attending the special meeting in person, notifying the Corporate Secretary and voting by ballot at the special meeting. Penns Woods Corporate Secretary's mailing address is Penns Woods Bancorp, Inc., 300 Market Street, Williamsport, Pennsylvania 17701, Attention: Brian L. Knepp.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying Penns Woods Corporate Secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q: Who will bear the cost of soliciting votes for the Penns Woods special meeting?

A: Penns Woods and Luzerne will bear the cost of preparing, assembling, printing, mailing and distributing these proxy materials equally. In addition to the mailing of these proxy materials, the solicitation of proxies or votes for the Penns Woods special meeting may be made in person, by telephone, or by electronic communication by Penns Woods directors, officers, and employees, who will not receive any additional compensation for such solicitation activities. In addition, Penns Woods may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners.

Q: What happens if additional proposals are presented at the Penns Woods special meeting?

A: Other than the proposals described in this joint proxy statement/prospectus, Penns Woods does not expect any matters to be presented for a vote at the special meeting. If you grant a proxy, the persons named as proxy holders, [] and [], will have the discretion to vote your shares on any additional matters properly presented for a vote at the special meeting.

Q: Are there risks that I should consider in deciding whether to vote to approve the merger agreement?

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

A: Yes. You should consider the risk factors set out in the section entitled *Risk Factors* beginning on page 31 of this joint proxy statement/prospectus.

Table of Contents

Q: What if I hold stock of both Penns Woods and Luzerne?

A: If you hold shares of both Penns Woods and Luzerne, you will receive two separate packages of proxy materials. A vote as a Penns Woods shareholder for the merger proposal or any other proposals to be considered at the Penns Woods special meeting will not constitute a vote as a Luzerne shareholder for the merger proposal or any other proposals to be considered at the Luzerne special meeting, and vice versa. Therefore, please sign, date and return all proxy cards that you receive, whether from Penns Woods or Luzerne, or submit separate proxies as both a Penns Woods shareholder and a Luzerne shareholder as instructed.

Q: Should I send in my Penns Woods stock certificates?

A: No. Please do not send your stock certificates with your proxy card. Penns Woods shareholders will not be required to exchange or take any other action regarding their stock certificates in connection with the merger. Penns Woods shareholders holding stock certificates should keep their stock certificates both now and after the merger is completed.

Q: Whom should I contact if I have additional questions?

A: If you are a Penns Woods shareholder and have any questions about the merger, or if you need additional copies of this document or the enclosed proxy card, you should contact:

Penns Woods Bancorp, Inc.

300 Market Street

Williamsport, Pennsylvania 17701

Attention: Brian L. Knepp, Chief Financial Officer

Telephone: 570-320-2030

Questions about the Luzerne Special Meeting

Q: What are the matters on which I am being asked to vote at the Luzerne special meeting?

A: You are being asked to consider and vote on the following matters:

1. adoption of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus;
2. adjournment of the Luzerne special meeting, if necessary, to solicit additional proxies; and
3. approval of a non-binding advisory resolution approving the compensation payable to the named executive officers of Luzerne in connection with the merger.

Q: How does the Luzerne board of directors recommend that I vote my shares?

A: The Luzerne board of directors recommends that the Luzerne shareholders vote their shares as follows:

FOR adoption of the merger agreement;

FOR an adjournment of the Luzerne special meeting, if necessary, to solicit additional proxies; and

FOR approval of a non-binding advisory resolution approving the compensation payable to the named executive officers of Luzerne in connection with the merger.

As of the record date, directors and executive officers of Luzerne and their affiliates had the right to vote [] shares of Luzerne common stock, or []% of the outstanding Luzerne common stock entitled to be voted at the Luzerne special meeting. In accordance with the terms of the merger agreement, each of the directors,

Table of Contents

the Chairman, Vice Chairman and President of Luzerne has executed an Affiliate Letter in favor of Penns Woods pursuant to which he or she has agreed to vote all shares of Luzerne common stock owned by him or her in favor of adoption of the merger agreement. Additionally, each of the directors and executive officers of Penns Woods has executed an Affiliate Letter in favor of Luzerne pursuant to which he or she has agreed to vote all shares of Penns Woods common stock owned by him or her in favor of adoption of the merger agreement and the transactions contemplated thereby.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please submit your proxy as soon as possible so that your shares will be represented at the Luzerne special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q: Who is entitled to vote at the Luzerne special meeting?

A: Luzerne shareholders of record as of the close of business on [], 2013, which is referred to as the Luzerne record date, are entitled to notice of, and to vote at, the Luzerne special meeting.

Q: How many votes do I have?

A: Each outstanding share of Luzerne common stock is entitled to one vote.

Q: How do I vote my Luzerne shares?

A: You may vote your Luzerne shares by completing and returning the enclosed proxy card or by voting in person at the Luzerne special meeting.

Voting by Proxy. You may vote your Luzerne shares by completing and returning the enclosed proxy card. Your proxy will be voted in accordance with your instructions. If you do not specify a choice on one of the proposals described in this joint proxy statement/prospectus, your proxy will be voted in favor of that proposal.

ON YOUR LUZERNE PROXY CARD:

mark your selections;

date and sign your name exactly as it appears on your card; and

return your completed proxy card in the enclosed postage-paid envelope.

Voting in person. If you attend the Luzerne special meeting, you may deliver your completed proxy card in person or may vote by completing a ballot which will be available at the meeting. If your shares are registered in the name of a broker or other nominee and you wish to vote at the meeting, you will need to obtain a legal proxy from your bank or brokerage firm. Please consult the voting form sent to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the special meeting.

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

Should you have any questions on the procedure for voting your shares, please contact Thomas Guido, Corporate Secretary, Luzerne National Bank Corporation, 118 Main Street, Luzerne, Pennsylvania 18709, telephone (570) 288-4511.

Q: Why is my vote important?

A: Because the merger cannot be completed without the affirmative vote of the holders of a majority of the outstanding shares of Luzerne common stock on the Luzerne record date, and because a majority of the outstanding shares of Luzerne common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting, every shareholder's vote is important.

Table of Contents

Q: If my shares of Luzerne common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker **CANNOT** vote your shares on any proposal at the Luzerne special meeting without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal or any other proposal (a so-called "broker non-vote") at the Luzerne special meeting. For purposes of determining the number of votes cast with respect to the merger proposal, only those votes cast for or against the proposal are counted. Broker non-votes, if any, submitted by brokers or nominees in connection with the special meeting will not be counted as votes for or against for purposes of determining the number of votes cast, but will be treated as present for quorum purposes.

Q: What constitutes a quorum for the Luzerne special meeting?

A: As of the Luzerne record date, [] shares of Luzerne common stock were issued and outstanding, each of which will be entitled to one vote at the meeting. Under Luzerne's bylaws, the presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast constitutes a quorum for the transaction of business at the special meeting. If you vote by proxy, your shares will be included for determining the presence of a quorum. Both abstentions and broker non-votes are also included for purposes of determining the presence of a quorum.

Q: Assuming the presence of a quorum, what is the vote required to approve the matters to be considered at the Luzerne special meeting?

A: The affirmative vote at the Luzerne special meeting, in person or by proxy, of a majority of the outstanding shares of Luzerne common stock is required to approve the merger agreement. The affirmative vote, in person or by proxy, of a majority of votes cast at the Luzerne special meeting is required to approve the proposal to adjourn the Luzerne special meeting, if necessary, to solicit additional proxies, the proposal to adopt a non-binding advisory resolution approving the compensation payable to Luzerne's named executive officers in connection with the merger and any other matter that may properly come before the special meeting. Because the affirmative vote of the holders of a majority of outstanding shares of Luzerne is required to approve the merger agreement, abstentions and broker non-votes with respect to the merger agreement will effectively act as no votes on such proposal. Abstentions and broker non-votes will not affect the outcome of the adjournment proposal, the proposal to approve a non-binding advisory resolution approving the compensation payable to Luzerne's named executive officers in connection with the merger or any other matters that properly come before the special meeting.

Q: Do I have appraisal or dissenters' rights?

A: Yes. Under Pennsylvania law, Luzerne shareholders have the right to dissent from the merger agreement and the merger and to receive a payment in cash for the fair value of their shares of Luzerne common stock as determined by an appraisal process. This value may be more or less than the value you would receive in the merger if you do not dissent. If you dissent, you will receive a cash payment for the value of your shares that will be fully taxable to you. To perfect your dissenters' rights, you must follow precisely the required statutory procedures. See *The Merger Luzerne Shareholders Have Dissenters' Rights in the Merger*, on page 72 and the information at Annex D.

Table of Contents

Q: Can I attend the Luzerne special meeting and vote my shares in person?

A: Yes. All shareholders, including shareholders of record and those who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of Luzerne common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q: Can I change my vote?

A: Yes. You may revoke your proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Luzerne's Corporate Secretary, or (3) attending the special meeting in person, notifying the Corporate Secretary and voting by ballot at the special meeting. The mailing address for Luzerne's Corporate Secretary is Luzerne National Bank Corporation, 118 Main Street, Luzerne, Pennsylvania 18709, Attention: Thomas Guido.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying Luzerne's Corporate Secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q: Who will bear the cost of soliciting votes for the Luzerne special meeting?

A: Penns Woods and Luzerne will bear the cost of preparing, assembling, printing, mailing and distributing these proxy materials equally. In addition to the mailing of these proxy materials, the solicitation of proxies or votes for the Luzerne special meeting may be made in person, by telephone, or by electronic communication by Luzerne's directors, officers, and employees, who will not receive any additional compensation for such solicitation activities. In addition, Luzerne may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners.

Q: What happens if additional proposals are presented at the Luzerne special meeting?

A: Other than the proposals described in this joint proxy statement/prospectus, Luzerne does not expect any matters to be presented for a vote at the special meeting. If you grant a proxy, the persons named as proxy holders, [] and [], will have the discretion to vote your shares on any additional matters properly presented for a vote at the special meeting.

Q: Are there risks that I should consider in deciding whether to vote to approve the merger agreement?

A: Yes. You should consider the risk factors set out in the section entitled *Risk Factors* beginning on page 31 of this joint proxy statement/prospectus.

Q: What if I hold stock of both Penns Woods and Luzerne?

Edgar Filing: PENNS WOODS BANCORP INC - Form S-4

- A:** If you hold shares of both Penns Woods and Luzerne, you will receive two separate packages of proxy materials. A vote as a Luzerne shareholder for the merger proposal or any other proposals to be considered at the Luzerne special meeting will not constitute a vote as a Penns Woods shareholder for the merger proposal or any other proposals to be considered at the Penns Woods special meeting, and vice versa. Therefore, please sign, date and return all proxy cards that you receive, whether from Penns Woods or Luzerne, or submit separate proxies as both a Penns Woods shareholder and a Luzerne shareholder as instructed.

Table of Contents

Q: Should I send in my Luzerne stock certificates?

A: No. If Luzerne shareholders approve the merger agreement, after the merger is completed, you will receive written instructions, including a letter of transmittal that will explain how to exchange your Luzerne stock certificates for Penns Woods common stock certificates. **Please do not send in any Luzerne stock certificates until you receive these written instructions and the letter of transmittal.**

Q: Whom should I contact if I have additional questions?

A: If you are a Luzerne shareholder and have any questions about the merger, or if you need additional copies of this document or the enclosed proxy card, you should contact:
Luzerne National Bank Corporation

118 Main Street

Luzerne, PA 18709

Attention: Thomas Guido

Telephone: 570-288-4511

Table of Contents

SUMMARY

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all of the information that is important to you. We urge you to carefully read the entire joint proxy statement/prospectus and the other documents to which we refer in order to fully understand the merger and the related transactions. See **Incorporation of Certain Documents by Reference** on page 178. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.*

Information about the Parties

Penns Woods Bancorp, Inc. (page 101)

Penns Woods is a Pennsylvania business corporation and bank holding company with its headquarters in Williamsport, Pennsylvania. At September 30, 2012, Penns Woods had total consolidated assets of \$841 million. Penns Woods is the parent company of Jersey Shore State Bank, which operates thirteen branch offices providing financial services in Lycoming, Clinton, Centre, and Montour Counties in Pennsylvania. Investment and insurance products are offered through Jersey Shore State Bank's subsidiary, The M Group, Inc. D/B/A The Comprehensive Financial Group. Penns Woods also owns Woods Investment Company, Inc., which maintains and manages an equity investment portfolio, and Woods Real Estate Development Company, Inc., which owns certain properties utilized by Jersey Shore State Bank in connection with its operations. Penns Woods common stock is traded on The Nasdaq Global Select Market under the symbol PWOD.

The principal executive offices of Penns Woods are located at Penns Woods Bancorp, Inc., 300 Market Street, Williamsport, Pennsylvania 17701, and its telephone number is (570) 320-2021.

Luzerne National Bank Corporation (page 114)

Luzerne is a Pennsylvania business corporation and bank holding company with its headquarters in Luzerne, Pennsylvania. At September 30, 2012, Luzerne had total consolidated assets of \$311 million. Luzerne is the parent company for Luzerne Bank, which operates eight branch offices in Luzerne and Lackawanna Counties in Pennsylvania. Luzerne common stock is traded in the over-the-counter market under the symbol LUZR.

The principal executive offices of Luzerne are located at 118 Main Street, Luzerne, Pennsylvania 18709, and its telephone number is (570) 288-4511.

The Merger (page 39)

The terms and conditions of the merger are contained in the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus and incorporated by reference herein. Please carefully read the merger agreement as it is the legal document that governs the merger.

Luzerne Will Merge into Penns Woods (page 78)

We are proposing the merger of Luzerne with and into Penns Woods. As a result, Penns Woods will continue as the surviving company.

Following the completion of the merger, the merger agreement provides that Penns Woods will continue to operate Luzerne Bank as a separate banking subsidiary of Penns Woods under the name Luzerne Bank, consistent with Penn Woods' overall business strategies and operating policies as such strategies and policies may develop from time to time. Penns Woods will have the right to terminate its obligation to operate Luzerne Bank as a separate operating subsidiary of Penns Woods if Luzerne Bank fails to satisfy certain performance

Table of Contents

metrics for any two consecutive years beginning after January 1, 2015 or as a result of applicable regulatory requirements, safe and sound banking practices as communicated by a banking regulator, or the exercise by Penns Woods directors of their fiduciary duties. For further discussion on the operation of Luzerne Bank as a separate operating subsidiary of Penns Woods following completion of the merger, see *The Merger Agreement Luzerne Bank Post-Closing Operation*.

Penns Woods Will Hold Its Special Meeting on [] (page 98)

The Penns Woods special meeting will be held on [] at [], local time, at [], Pennsylvania 17701. At the special meeting, Penns Woods shareholders will be asked to:

1. adopt the merger agreement; and
2. approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

Record Date. Only holders of record of Penns Woods common stock at the close of business on [] will be entitled to vote at the special meeting. Each share of Penns Woods common stock is entitled to one vote. As of the Penns Woods record date, there were [] shares of Penns Woods common stock issued and outstanding and entitled to vote at the special meeting.

Required Vote. The affirmative vote at the Penns Woods special meeting, in person or by proxy, of the holders of 66-2/3% of the outstanding shares of Penns Woods common stock is required to approve the merger agreement. The affirmative vote, in person or by proxy, of a majority of all votes cast at the Penns Woods special meeting is required to approve the proposal to adjourn the Penns Woods special meeting, if necessary, to solicit additional proxies and any other matter that may properly come before the special meeting. A majority of the outstanding Penns Woods common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting.

As of the record date, directors and executive officers of Penns Woods and their affiliates had the right to vote [] shares of Penns Woods common stock, or []% of the outstanding Penns Woods common stock entitled to be voted at the special meeting. In accordance with the terms of the merger agreement, each of the directors and executive officers of Penns Woods has executed an Affiliate Letter in favor of Luzerne pursuant to which he or she has agreed to vote all shares of Penns Woods common stock owned by him or her in favor of adoption of the merger agreement and the transactions contemplated thereby.

Luzerne Will Hold Its Special Meeting on [] (page 110)

The Luzerne special meeting will be held on [] at [], local time, at []. At the special meeting, Luzerne shareholders will be asked to:

1. adopt the merger agreement;
2. approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement; and
3. approve a non-binding advisory resolution approving the compensation of the named executive officers of Luzerne in connection with the merger.

Record Date. Only holders of record of Luzerne common stock at the close of business on [] will be entitled to vote at the special meeting. Each share of Luzerne common stock is entitled to one vote. As of the

Table of Contents

Luzerne record date, there were [] shares of Luzerne common stock issued and outstanding and entitled to vote at the special meeting.

Required Vote. The affirmative vote at the Luzerne special meeting, in person or by proxy, of a majority of the outstanding shares of Luzerne common stock is required to approve the merger agreement. The affirmative vote, in person or by proxy, of a majority of votes cast at the Luzerne special meeting is required to approve the proposal to adjourn the Luzerne special meeting, if necessary, to solicit additional proxies, the proposal to adopt a non-binding advisory resolution approving the compensation payable to Luzerne's named executive officers in connection with the merger and any other matter that may properly come before the special meeting.

As of the record date, directors and executive officers of Luzerne and their affiliates had the right to vote [] shares of Luzerne common stock, or []% of the outstanding Luzerne common stock entitled to be voted at the special meeting. In accordance with the terms of the merger agreement, each of the directors and the Chairman, Vice Chairman and President of Luzerne has executed an Affiliate Letter in favor of Penns Woods pursuant to which he or she has agreed to vote all shares of Luzerne common stock owned by him or her in favor of adoption of the merger agreement.

Luzerne Shareholders Will Receive Shares of Penns Woods Common Stock and/or Cash in the Merger Depending on Their Election and Any Proration (page 79).

Luzerne shareholders will have the right to elect to receive merger consideration, without interest, for each of their shares of Luzerne common stock. Each Luzerne shareholder will have the opportunity to elect to receive in exchange for each share of Luzerne common stock owned immediately prior to completion of the merger either: (i) a cash payment of \$61.86 per share; (ii) 1.5534 shares of Penns Woods common stock; or (iii) a combination of cash and shares of Penns Woods common stock.

Each election will be subject to allocation and proration procedures in the merger agreement, which are intended to ensure that, in the aggregate, at least 90% of the Luzerne shares of common stock outstanding will be exchanged for Penns Woods common stock. Penns Woods has the right to permit greater than 90% of the Luzerne common shares to be exchanged for shares of Penns Woods common stock; however, if the holders of more than 10% of Luzerne shares elect to receive cash for their shares of Luzerne common stock, then shareholders will receive shares of Penns Woods common stock in accordance with the proration procedures and the other requirements set forth in the merger agreement.

Record holders of Luzerne common stock may specify different elections with respect to different shares that you hold (if, for example, a Luzerne shareholder owns 100 shares of Luzerne common stock, such shareholder could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

As an example, based on the average of the high and low sale prices of Penns Woods common stock on The Nasdaq Global Select Market for the 10 trading days ending on [], 2013 (the most recent practicable date prior to the printing of this joint proxy statement/prospectus), for each share of Luzerne common stock held, a Luzerne shareholder would receive either \$61.86 in cash or 1.5534 shares of Penns Woods common stock, subject to possible proration. Based on that price, the 1.5534 shares of Penns Woods common stock would have a market value of \$[]. Penns Woods will compute the actual amount of cash and number of shares of Penns Woods common stock that each Luzerne shareholder will receive in the merger using the formula contained in the merger agreement. For a summary of the formula contained in the merger agreement, see *The Merger Agreement Consideration To Be Received in the Merger* beginning on page 79.

Table of Contents

Regardless of Whether an Election is Made, a Luzerne Shareholder May Not Receive the Consideration Elected (page 79)

Pursuant to the terms of the merger agreement, a minimum of 90% of the total number of shares of Luzerne common stock outstanding at the effective time of the merger will be converted into stock consideration, and the remaining outstanding shares of Luzerne common stock (excluding the shares of Luzerne common stock to be cancelled) not converted into shares of Penns Woods common stock will be converted into cash consideration. Penns Woods has the right to permit greater than 90% of the total number of shares of Luzerne common stock to be converted in the form of shares of Penns Woods common stock. As a result, if more Luzerne shareholders make valid elections to receive either Penns Woods common stock or cash than is available as merger consideration under the merger agreement, those Luzerne shareholders electing the over-subscribed form of consideration may have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

In Order to Make a Valid Election, Luzerne Shareholders Must Properly Complete and Deliver the Election Form (page 79)

If a Luzerne shareholder wishes to elect the type of merger consideration such shareholder prefers to receive in the merger, such shareholder should carefully review and follow the instructions set forth in the form of election, which is being mailed to Luzerne shareholders concurrently with this joint proxy statement/prospectus. Luzerne shareholders will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent at the address given in the materials, together with the certificates representing shares of Luzerne common stock prior to the Election Deadline. **Luzerne shareholders should NOT send stock certificates with a proxy card returned to vote on the merger agreement.**

The Election Deadline will be at 5:00 p.m. New York City time on [], 2013, which is the business day prior to the Luzerne special meeting of shareholders on [], 2013. If a Luzerne shareholder does not submit a properly completed and signed form of election to the exchange agent by the Election Deadline, such shareholder will have no control over the type of merger consideration to be received, and, consequently, at the discretion of Penns Woods, may receive only cash, only Penns Woods common stock or a combination of cash and Penns Woods common stock in the merger.

Once a Luzerne shareholder has tendered stock certificates representing shares of Luzerne common stock to the exchange agent, such shareholder may not transfer shares of Luzerne common stock represented by those stock certificates until the merger is completed, unless such shareholder revokes a previous election by written notice to the exchange agent that is received prior to the Election Deadline. If the merger is not completed and the merger agreement is terminated, stock certificates will be returned by the exchange agent to the shareholder submitting them.

Expected Material United States Federal Income Tax Treatment as a Result of the Merger (page 94)

The merger is structured to be treated as a reorganization for United States federal income tax purposes. Each of Penns Woods and Luzerne has conditioned the consummation of the merger on its receipt of a legal opinion that this will be the case. The federal income tax treatment for Luzerne shareholders will depend primarily on whether Luzerne common stock is exchanged solely for Penns Woods common stock (with cash received instead of a fractional share of Penns Woods common stock), solely for cash, or for a combination of Penns Woods common stock and cash.

Generally, a Luzerne shareholder will not recognize gain or loss on the exchange of Luzerne common stock solely for Penns Woods common stock in the merger, except with respect to the cash received in lieu of a fractional share interest in Penns Woods common stock. If a Luzerne shareholder receives only cash in exchange

Table of Contents

for Luzerne common stock in the merger, then such shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the shareholder's adjusted tax basis in the shares of Luzerne common stock surrendered. If a Luzerne shareholder exchanges Luzerne common stock for a combination of Penns Woods common stock and cash, then such shareholder generally will recognize gain equal to the amount of cash received (not counting cash received in lieu of a fractional share interest in Penns Woods common stock) or the amount of gain realized, whichever is lower, but such shareholder will not recognize any loss. If a Luzerne shareholder receives cash instead of a fractional share interest in Penns Woods common stock, such shareholder will recognize gain or loss on receipt of that cash.

Exceptions to these conclusions or other considerations may apply, some of which are discussed beginning on page 96. Determining the actual tax consequences of the merger to a Luzerne shareholder can be complicated. Those consequences will depend on such shareholder's specific situation, on whether the shareholder elects to receive common stock, cash or a mix of common stock and cash, on whether an election is effective or must be changed under the proration provisions of the merger agreement, and on many variables that are not within our control. For further information, please refer to *Material United States Federal Income Tax Consequences of the Merger* on page 94. **Luzerne shareholders should also consult their own tax advisors for a full understanding of the federal income tax and other tax consequences of the merger as they apply specifically to them.**

The United States federal income tax consequences described above may not apply to all holders of Luzerne common stock. The tax consequences for Luzerne shareholders will depend on their individual situations. Accordingly, Luzerne shareholders are strongly urged to consult their tax advisors for a full understanding of the particular tax consequences of the merger to them.

Accounting Treatment of the Merger (page 94)

The merger will be treated as a business combination using the acquisition method of accounting with Penns Woods treated as the acquirer under generally accepted accounting principles, or GAAP.

Market Prices and Share Information (page 177)

Penns Woods common stock is quoted on The Nasdaq Global Select Market under the symbol PWOD. Luzerne common stock is quoted on the OTCQB under the symbol LUZR.

The following table shows the closing sale prices of Penns Woods common stock as reported on The Nasdaq Global Select Market on October 17, 2012, the last trading day before announcement of the merger, and on [], 2013, the last practicable trading day prior to mailing this joint proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of Penns Woods common stock on October 17, 2012, and [], 2013, calculated by multiplying the closing sale prices of Penns Woods common stock on those dates by 1.5534, which represent the exchange ratio of shares of Penns Woods common stock that Luzerne shareholders electing to receive Penns Woods common stock would receive in the merger for each share of Luzerne common stock.

	Penns Woods Common Stock	Luzerne Common Stock	Equivalent Per Share Value
Prior to execution of the merger agreement	\$ 44.26 (1)	\$ 38.80 (2)	\$ 68.75
At [], 2013	\$	\$	\$

(1) Closing price as of October 17, 2012.

(2) Last reported price as of October 17, 2012.

Table of Contents

The market price of Penns Woods common stock will fluctuate prior to the merger. You should obtain current stock price quotations for the shares.

Upon completion of the merger, assuming 90% of the outstanding shares of Luzerne common stock are exchanged for Penns Woods common stock, former Luzerne shareholders will own approximately 20% of the outstanding shares of Penns Woods common stock.

Janney Montgomery Scott LLC Has Provided an Opinion to the Luzerne Board of Directors Regarding the Fairness of the Merger Consideration (page 44)

Luzerne's financial advisor, Janney Montgomery Scott LLC, or Janney, has conducted financial analyses and delivered an opinion to Luzerne's board of directors that, as of October 18, 2012, the exchange ratio was fair from a financial point of view to the shareholders of Luzerne.

The full text of Janney's opinion is attached as Annex B to this joint proxy statement/prospectus. Luzerne shareholders should read that opinion and the summary description of Janney's opinion contained in this joint proxy statement/prospectus in their entirety. The opinion of Janney does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger.

Luzerne paid Janney an upfront engagement fee of \$15,000, and an additional \$50,000 when Luzerne entered into a definitive agreement pertaining to the merger. Upon the closing of the merger, Janney will receive an additional \$135,000, plus expenses.

Monocacy Financial Advisors, LLC Has Provided an Opinion to the Penns Woods Board of Directors Regarding the Fairness of the Merger Consideration (page 52)

Penns Woods' financial advisor, Monocacy Financial Advisors, LLC, or Monocacy, has conducted financial analyses and delivered an opinion to Penns Woods' board of directors that, as of October 18, 2012, the exchange ratio was fair from a financial point of view to Penns Woods.

The full text of Monocacy's opinion is attached as Annex C to this joint proxy statement/prospectus. Penns Woods shareholders should read that opinion and the summary description of Monocacy's opinion contained in this joint proxy statement/prospectus in their entirety. The opinion of Monocacy does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. Penns Woods does not expect that it will request an updated opinion from Monocacy.

Penns Woods will pay Monocacy an advisory fee, currently estimated to be \$421,000 in total, upon successful completion of the merger. As part of its engagement with Monocacy, Penns Woods has agreed to pay Monocacy a success fee equal to 0.14% (14 basis points) on total assets of Luzerne, with 25% of the expected fee to be paid at announcement of the issuance of a fairness opinion and the remainder at closing. The success fee will be net of offsets for any Advisory Fee, Fairness Opinion Fee, or other milestone fee already paid. Penns Woods has previously paid an advisory fee of \$15,000 at the inception of the contract with Monocacy, and an initial payment, as described above of approximately \$105,000. The remainder due will be paid at closing. Pursuant to the engagement agreement, Penns Woods also agreed to reimburse Monocacy for reasonable out-of-pocket expenses (not to exceed \$10,000 without prior approval) and disbursements incurred in connection with its retention and to indemnify against certain liabilities, including liabilities under federal securities laws.

Board of Directors and Executive Officers of Penns Woods after the Merger (page 72)

Following completion of the merger, Penns Woods will appoint three individuals designated by the Luzerne board of directors, who are not employees of Luzerne or any of its subsidiaries and who are agreed to by Penns Woods, to serve on the Penns Woods board of directors. Luzerne has designated Joseph E. Kluger, Jill F. Schwartz and John G. Nackley to be appointed to the Penns Woods board. One such individual will be appointed to serve in each of Class 1,

Table of Contents

Class 2 and Class 3 of the Penns Woods board of directors. Penns Woods has agreed to nominate and recommend for election each such designated person for one additional three-year term following their initial appointment.

In addition, the merger agreement provides that promptly following the effective time of the merger, Penns Woods will take such action as may be necessary to cause the board of directors of Luzerne Bank to consist of the chief executive officer of Penns Woods, the chief executive officer of Luzerne Bank and all other individuals serving as directors of Luzerne Bank immediately prior to the effective time. For a period of three years following the effective time of the merger, future appointments to the Luzerne Bank board of directors will be mutually agreed by the boards of directors of Penns Woods and Luzerne Bank, subject to the right of Penns Woods to remove or replace any Luzerne Bank director if such director breaches or fails to perform the duties of such director's office in the sole discretion of Penns Woods.

The members of the board of directors of Jersey Shore State Bank will not change as a result of the merger. In addition, the officers of Penns Woods, Jersey Shore State Bank and Luzerne Bank will not change as a result of the merger.

The Penns Woods Board of Directors Recommends That Penns Woods Shareholders Vote FOR Adoption of the Agreement and Plan of Merger (page 52)

The Penns Woods board of directors believes that the merger is in the best interests of Penns Woods and its shareholders and has unanimously approved the merger and the merger agreement. The Penns Woods board of directors recommends that Penns Woods shareholders vote FOR adoption of the agreement and plan of merger. The Penns Woods board also recommends that its shareholders vote FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

The Luzerne Board of Directors Recommends That Luzerne Shareholders Vote FOR Adoption of the Agreement and Plan of Merger (page 44)

The Luzerne board of directors believes that the merger is in the best interests of Luzerne and its shareholders and has unanimously approved the merger and the merger agreement. The Luzerne board of directors recommends that Luzerne shareholders vote FOR adoption of the agreement and plan of merger, and FOR the adoption of a non-binding advisory resolution approving the compensation payable to the named executive officers of Luzerne in connection with the merger. The Luzerne board also recommends that its shareholders vote FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

Luzerne's Directors and Executive Officers Have Financial Interests in the Merger that May Differ from the Interests of Luzerne Shareholders (page 75)

In addition to their interests as Luzerne shareholders, the directors and certain executive officers of Luzerne may have interests in the merger that are different from or in addition to interests of other Luzerne shareholders. These interests include, among others, provisions in the merger agreement regarding board membership, as well as change in control agreements, employment agreements, indemnification, insurance, and eligibility to participate in various employee benefit plans. For purposes of the Luzerne agreements and plans, the completion of the merger will generally constitute a change in control. These additional interests may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than a Luzerne shareholder may view it. The financial interests of Luzerne's directors and executive officers in the merger include the following:

the appointment, effective at the closing of the merger, of three current individuals (who are not employees of Luzerne or any of its subsidiaries and who are agreed to by Penns Woods) to the board of directors of Penns Woods and the payment of compensation to such individuals in accordance with the policies of Penns Woods, which currently consists of the following payments to each of its non-employee directors: an annual retainer of \$15,000 and between \$400 and \$500 for each committee meeting attended, depending on the committee;

Table of Contents

the appointment, effective at the closing of the merger, of all current directors of Luzerne Bank to the board of directors of Luzerne Bank and the payment of compensation to such individuals in accordance with the policies of Luzerne Bank, which currently consists of the following payments to each of the banks' non-employee directors: an annual retainer of \$8,000 (\$22,000 for the Chairman), and \$800 for each board meeting attended and \$400 for each committee meeting attended (provided no committee fees are paid to the Chairman);

the continued indemnification of current directors and executive officers of Luzerne and its subsidiaries pursuant to the terms of the merger agreement and providing these individuals with continued directors' and officers' liability insurance;

the retention of certain executive officers of Luzerne, and payment of compensation to such executive officers, pursuant to employment agreements between Luzerne Bank and each of them that will become effective at the closing of the merger; and

certain of Luzerne Bank's named executive officers will be entitled to severance or change-in-control benefits if their employment terminates for certain specified circumstances following the merger.

Luzerne's board of directors was aware of these interests and took them into account in its decision to approve the agreement and plan of merger. For information concerning these interests, please see the discussion on page 75 under the caption *The Merger: Luzerne's Directors and Executive Officers Have Financial Interests in the Merger*.

Holders of Luzerne Common Stock Have Dissenters' Rights (page 72)

If you are a Luzerne shareholder, you have the right under the Pennsylvania Business Corporation Law to dissent from the merger agreement and the merger, and to demand and receive cash for the fair value of your shares of Luzerne common stock. For a complete description of the dissenters' rights of Luzerne shareholders, please see the discussion under the caption *The Merger: Luzerne Shareholders Have Dissenters' Rights in the Merger* on page 72. In order to assert dissenters' rights, a Luzerne shareholder must:

file a written notice of intent to dissent with Luzerne prior to the shareholder vote at the special meeting of shareholders;

make no change in your beneficial ownership of Luzerne common stock after you give notice of your intention to demand fair value of your shares of Luzerne common stock;

not vote to adopt the merger agreement at the special meeting;

file a written demand for payment and deposit any certificates representing the Luzerne shares for which dissenters' rights are being asserted as requested by the notice that will be sent by Penns Woods or Luzerne after the completion of the merger; and

comply with certain other statutory procedures set forth in Pennsylvania law.

If you are a Luzerne shareholder and you sign and return your proxy without voting instructions, we will vote your proxy in favor of the transaction and you will lose any dissenters' rights that you may have. A copy of the relevant provisions of Pennsylvania law related to dissenters' rights are attached to this joint proxy statement/prospectus as Annex D.

The Rights of Luzerne Shareholders Will Be Governed by Pennsylvania Law and the Articles of Incorporation and Bylaws of Penns Woods after the Merger

The rights of Luzerne shareholders will change as a result of the merger due to differences in Penns Woods' and Luzerne's governing documents. A description of shareholder rights under each of the Penns Woods and

Table of Contents

Luzerne governing documents, and the material differences between them, is included in the section entitled *Comparison of Shareholders Rights* found on page 171.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 91)

Currently, we expect to complete the merger in the second quarter of 2013. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval by the requisite vote of the Penns Woods shareholders and the Luzerne shareholders; the receipt of all required regulatory approvals from the Federal Reserve Board (FRB), and the Pennsylvania Department of Banking and Securities (PDB); the exercise of dissenters rights under the Pennsylvania Business Corporation Law with respect to no more than 5% of the outstanding Luzerne common shares; and the receipt of a legal opinion from counsel to each of Penns Woods and Luzerne regarding the tax treatment of the merger.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

No Solicitation of Other Offers

Luzerne has agreed that it, its subsidiaries, its directors and officers and those of its subsidiaries will not, and Luzerne will cause its and each of its subsidiaries employees and agents not to, between the date of the merger agreement and the closing of the merger, directly or indirectly:

initiate, solicit, induce or encourage, or take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, relates or could reasonably be expected to lead to an alternative acquisition proposal;

respond to any inquiry relating to an alternative acquisition proposal or an alternative acquisition transaction;

recommend or endorse an alternative acquisition transaction;

participate in any discussions or negotiations regarding, or furnish information or data to any person that may relate to an alternative acquisition proposal;

release anyone from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which Luzerne is a party; or

enter into any agreement, agreement in principle or letter of intent with respect to any alternative acquisition proposal or approve or resolve to approve any alternative acquisition proposal or any agreement, agreement in principle or letter of intent relating to an alternative acquisition proposal.

The merger agreement does not, however, prohibit Luzerne from furnishing information or access to a third party who has made an alternative acquisition proposal and participating in discussions and negotiating with such person prior to the receipt of shareholder approval if specified conditions are met. Among those conditions is a good faith determination by Luzerne s board of directors that the acquisition proposal constitutes a proposal that is more favorable to Luzerne and its shareholders than the transactions contemplated by the merger agreement and is reasonably capable of being completed on its stated terms, taking into account all financial, regulatory, legal and other aspects of the proposal.

For further discussion of the restrictions on solicitation of acquisition proposals from third parties, see *The Merger Agreement Agreement Not to Solicit Other Offers* beginning on page 88.

Table of Contents

Termination of the Merger Agreement (page 92)

We may mutually agree to terminate the merger agreement before completing the merger, even after Luzerne or Penns Woods shareholder approval. In addition, either of us may decide to terminate the merger agreement, if (i) a court or governmental entity issues a final order that is not appealable prohibiting the merger, (ii) a bank regulator which must grant a regulatory approval as a condition to the merger denies such approval of the merger and such denial has become final and is not appealable, (iii) the shareholders of Penns Woods or Luzerne fail to approve the merger at their respective special meetings, or (iv) the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice. Either of us may terminate the merger agreement if the merger has not been completed by July 31, 2013, unless the reason the merger has not been completed by that date is a breach of the merger agreement by the company seeking to terminate the merger agreement.

Penns Woods may terminate the merger agreement if the Luzerne board of directors, in connection with the receipt of an alternative acquisition proposal, (1) enters into a letter of intent, agreement in principle or an acquisition agreement with respect to the alternative acquisition proposal, (2) fails to make, withdraws, modifies or qualifies its recommendation of the merger agreement in a manner adverse to Penns Woods, or (3) delivers a written notice to Penns Woods of its determination to accept an alternative acquisition proposal.

Luzerne may terminate the merger agreement if Luzerne receives an alternative acquisition proposal and delivers a written notice to Penns Woods of its determination to accept the alternative acquisition proposal. Luzerne may also terminate the merger agreement within five days of the later of (i) the date on which all regulatory approvals, and waivers, if applicable, necessary for consummation of the merger and the transactions contemplated by the merger agreement have been received or (ii) the date of the meeting of Luzerne shareholders if Luzerne's board determines that each of the following have occurred:

the average of the daily closing sales prices of a share of Penns Woods common stock as reported on Nasdaq for the 20 consecutive trading days immediately preceding the Determination Date is less than 85% of the closing sale price of Penns Woods common stock on the last trading date before the date of the merger agreement; and

the average of the daily closing sales prices of a share of Penns Woods common stock as reported on Nasdaq for the 20 consecutive trading days immediately preceding the Determination Date is such that the price performance of Penns Woods common stock is lower than the price performance of the Nasdaq bank Index minus 15%.

Termination Fee (page 93)

Luzerne will pay Penns Woods a termination fee of \$1.8 million in the event that the merger agreement is terminated:

by Penns Woods because Luzerne has received an alternative acquisition proposal, and Luzerne (1) enters into a letter of intent, agreement in principle or an acquisition agreement with respect to the alternative acquisition proposal, (2) fails to make, withdraws, modifies or qualifies its recommendation of the merger agreement in a manner adverse to Penns Woods, or (3) has otherwise made a determination to accept the alternative acquisition proposal; or

by Luzerne, if Luzerne receives an alternative acquisition proposal and delivers a written notice to Penns Woods of its determination to accept the alternative acquisition proposal in accordance with the terms of the merger agreement.

Table of Contents

Regulatory Approvals Required for the Merger (page 74)

The Board of Governors of the Federal Reserve System must approve the merger under the provisions of the Bank Holding Company Act of 1956, as amended (the Bank Holding Company Act), relating to the acquisition of a bank holding company by another bank holding company, and the applicable waiting period must expire before it can be completed. In addition, the Pennsylvania Department of Banking must approve the merger under the Pennsylvania Banking Code of 1965. The applications for approval of the merger were filed with the Federal Reserve and the Pennsylvania Department of Banking on or about January 25, 2013.

For further discussion of the regulatory requirements in connection with the merger, see *The Merger Regulatory Approvals Required for the Merger*, beginning on page 74.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF PENNS WOODS**

The following table provides historical consolidated summary financial data for Penns Woods. The data for the years ended December 31, 2011, 2010, 2009, 2008 and 2007 are derived from Penns Woods' audited financial statements for the periods then ended. The results of operations for the nine months ended September 30, 2012 and 2011 are not necessarily indicative of the results of operations for the full year or any other interim period. Penns Woods' management prepared the unaudited information on the same basis as it prepared Penns Woods' audited consolidated financial statements. In the opinion of Penns Woods' management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates.

<i>(In thousands except per share data)</i>	(Unaudited) At or For the Nine Months Ended September 30,			At or For the Years Ended December 31,			
	2012	2011	2011	2010	2009	2008	2007
Balance Sheet Data:							
Assets	\$ 840,606	\$ 752,650	\$ 763,953	\$ 691,688	\$ 676,204	\$ 652,803	\$ 628,138
Loans, net of allowance for loan losses	477,530	422,989	428,805	409,522	400,872	377,122	356,348
Investment securities	296,255	266,691	270,151	215,648	208,875	208,386	214,732
Deposits	641,110	575,300	581,664	517,508	497,287	421,368	389,022
Borrowings	94,210	89,362	90,876	99,077	105,132	160,724	161,693
Shareholders' equity	93,779	78,572	80,460	66,620	66,916	61,027	70,559
Income Statement Data:							
Net interest income	\$ 23,058	\$ 21,125	\$ 28,720	\$ 26,494	\$ 23,793	\$ 21,276	\$ 19,502
Provision for loan losses	1,800	1,800	2,700	2,150	917	375	150
Non-interest income, including security gains and losses	7,815	5,808	8,219	7,459	2,287	5,456	7,478
Non-interest expense	16,265	14,812	19,964	19,492	19,812	17,949	17,316
Income before taxes	12,808	10,321	14,275	12,311	5,351	8,408	9,514
Net Income	10,754	8,967	12,362	10,929	6,093	8,003	8,877
Per Share Data:							
Basic earnings per share	\$ 2.80	\$ 2.34	\$ 3.22	\$ 2.85	\$ 1.59	\$ 2.07	\$ 2.28
Diluted earnings per share	2.80	2.34	3.22	2.85	1.59	2.07	2.28
Dividends declared	1.41	1.38	1.84	1.84	1.84	1.84	1.79
Book value	24.43	20.48	20.97	17.37	17.45	15.93	18.21
Earnings Performance Ratios:							
Return on average assets	1.78%	1.65%	1.69%	1.56%	0.92%	1.27%	1.49%
Return on average shareholders' equity	16.25%	16.46%	16.60%	15.30%	9.66%	12.02%	12.14%
Net interest margin	4.51%	4.67%	4.70%	4.57%	4.40%	4.14%	3.95%
Asset Quality Ratios:							
Net charge offs to average loans	0.31%	0.35%	0.37%	0.19%	0.16%	0.04%	0.06%
Non-performing loans to total loans	2.48%	3.34%	2.75%	1.50%	1.10%	0.46%	0.37%
Allowance for loan losses to non-performing loans	62.46%	44.30%	59.57%	97.10%	104.51%	248.21%	312.88%
Allowance for loan losses to total loans	1.55%	1.48%	1.64%	1.45%	1.15%	1.14%	1.15%
Capital Ratios:							
Leverage ratio	9.52%	9.39%	9.57%	9.55%	9.32%	9.71%	10.74%
Total risk-based capital ratio	15.25%	15.05%	15.27%	15.95%	15.44%	16.02%	18.00%

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LUZERNE**

The following table provides historical consolidated summary financial data for Luzerne. The data for the years ended December 31, 2011, 2010, 2009, 2008 and 2007 are derived from Luzerne's audited financial statements for the periods then ended. The results of operations for the nine months ended September 30, 2012 and 2011 are not necessarily indicative of the results of operations for the full year or any other interim period. Luzerne's management prepared the unaudited information on the same basis as it prepared Luzerne's audited consolidated financial statements. In the opinion of Luzerne's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates.

<i>(In thousands except per share data)</i>	(Unaudited) At or For the Nine Months Ended September 30,			At or For the Years Ended December 31,			
	2012	2011	2011	2010	2009	2008	2007
Balance Sheet Data:							
Assets	\$ 310,914	\$ 287,923	\$ 300,733	\$ 280,313	\$ 267,835	\$ 233,148	\$ 207,330
Loans, net of allowance for loan losses	244,437	218,999	224,893	203,078	197,067	176,549	144,152
Investment securities	21,838	26,562	23,572	24,473	25,750	27,763	42,332
Deposits	273,001	250,955	263,415	243,645	226,858	187,489	171,750
Borrowings	6,929	8,004	8,005	9,456	15,874	22,406	11,748
Shareholders' equity	28,555	26,702	26,918	25,156	23,270	21,318	20,175
Income Statement Data:							
Net interest income	\$ 8,254	\$ 7,664	\$ 10,361	\$ 9,975	\$ 8,513	\$ 7,914	\$ 7,065
Provision for loan losses	439	420	848	675	430	370	321
Non-interest income, including security gains and losses	1,439	1,369	1,852	1,895	1,906	1,777	1,648
Non-interest expense	6,518	6,220	8,390	7,661	7,256	6,884	6,365
Income before taxes	2,736	2,393	2,975	3,534	2,733	2,437	2,027
Net Income	1,945	1,725	2,162	2,535	2,021	1,788	1,553
Per Share Data:							
Basic earnings per share	\$ 2.87	\$ 2.55	\$ 3.19	\$ 3.75	\$ 2.98	\$ 2.64	\$ 2.29
Diluted earnings per share	2.87	2.55	3.19	3.75	2.98	2.64	2.29
Dividends declared	0.45	0.45	0.75	0.75	0.70	0.70	0.70
Book value	42.20	39.46	39.78	37.17	34.35	31.47	29.73
Earnings Performance Ratios:							
Return on average assets	0.86%	0.83%	0.77%	0.95%	0.84%	0.83%	0.80%
Return on average shareholders' equity	9.39%	8.92%	8.28%	10.45%			